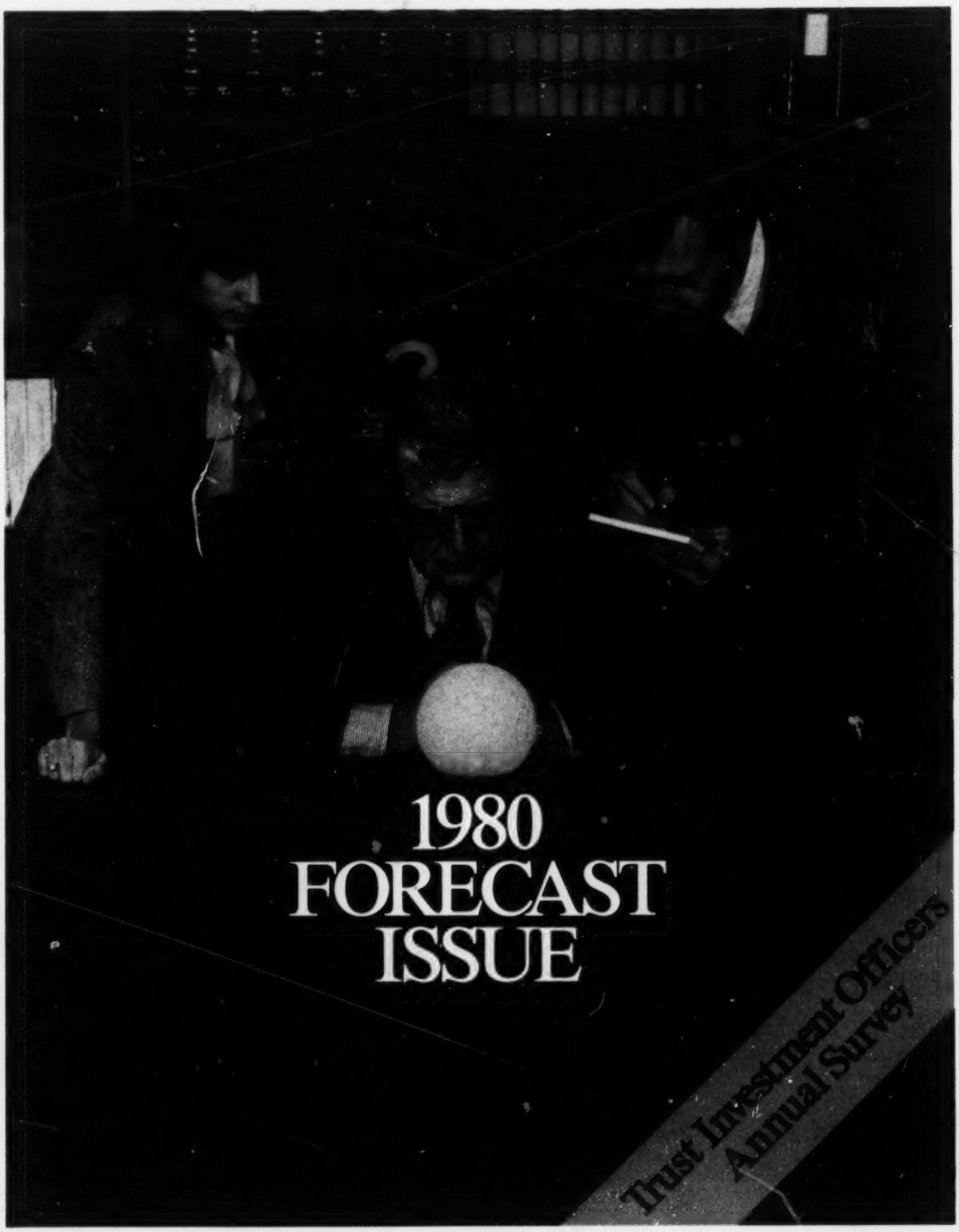
C 2425-2

TRUSTS & ESTATES

ESTATE PLANNING & ADMINISTRATION

A Publication of Communication Channels, Inc. JANUARY 1980



1980 FORECAST ISSUE

Trust Investment Officers Annual Survey

TRUSTS & ESTATES

Volume 119, No. 1 JANUARY 1980

Estate Planning and Administration Since 1904

12 **The Trust Business: An Industry at the Crossroad**
There's an urgent need for direction and innovation *John W. Heilshorn*

22 **Trusts & Estates 28th Annual Investment Officers Survey**
The key word is "uncertainty"

28 **Estate Planning and Administration in the 1980's**
Eleven estate planners predict trends of the next decade

46 **Why Invest Trust Funds in Collectible Stamps?**
A trust company executive who does explains why *Paul D. Kadavy*

52 **Diamonds: A New Appraisal for Estate Planners**
Returns are tempting, but the best advice is "caution" *George Adcock*

56 **Beyond Direct Mail — Marketing Personal Trust Services in a Community Bank, Part III**
The role of internal operations in a successful program *David B. Lantz*

62 **Another Look at Specialized Mutual Funds**
What are their uses in trust portfolios these days? *Peter W. Thayer*

67 **Avoid Tax Problems in Planning Recapitalizations**
A useful tool, recapitalization is not without its dangers *Peter L. Faber*

74 **Fiduciary Powers over Life Insurance: The Courts and IRC Section 2042(2)**
Recently, courts have offered different interpretations *Burke A. Christensen*

80 **Philanthropy and Estate Planning**
Olla Podrida of recent rulings *Conrad Teitell*

92 **Trusts & Estates 1979 Editorial Index**

COVER
The cover of this 1980 forecast issue depicts one of the less analytical means of predicting future trends. However, two articles included, "Estate Planning and Administration in the 1980's" and the "28th Annual Investment Officers Survey," provide a more rational appraisal of the decade ahead. Photo by Bill Coker.

REGULAR FEATURES

4 Editorial
8 Letters to the Editor
61 Meetings & Conventions
85 Wills of the Month
86 Institutional Investor
88 Fiduciary Decisions
90 Trust Personnel Changes

TRUSTS & ESTATES

28th Annual Investment Officers Survey

Will inflation remain above 12%? Will recession continue through 1980? What are the most promising industries in which to invest this year? Our survey sought opinions on these and other pertinent questions

Responses of trust investment officers throughout the U.S. to this year's survey reflect much of the same uncertainty that pervades many recent analyses of economic developments and trends. Despite innumerable forecasts in 1979 of an imminent (or existing) economic decline, a majority of respondents predicted that a recession would *not* continue through 1980. Similarly, according to the survey, there are almost as many trust investment officers who believe that unemployment will not rise above 8% this year as there are those who believe it will.

Admittedly, there is one shadow of uncertainty over the survey results themselves. Questionnaries were mailed in late August and early September to more than 100 trust institutions of various sizes in all 50 states. The deadline for returning the questionnaires was October 15. Many of the 60 trust executives who responded returned the questionnaire promptly, well before the deadline. Other forms were received almost exactly on deadline, and a few trickled in a few days later. On Saturday, October 6, the Federal Reserve Board initiated its new monetary policy in an effort to curb inflation, in the process sending interest rates on their latest upward spiral. The degree to which the Fed's action influenced the opinions of those who returned the questionnaires after October 6 or would have changed the answers of those who returned the form earlier cannot be determined.

The first six questions on the survey sought simple "yes-no" answers to general questions about the probable direction of the economy. Though, as mentioned before, the results were mixed, they were surprisingly optimistic. For example, asked whether a recession would continue through 1980, 59% of the respondents said it would not, while 41% thought it would. "Will inflation remain above 12% in 1980?" we asked next. Again, the optimists carried the majority, with 73% voting no; 27%, yes.

The level of consensus dropped considerably in the responses to the survey's third question: "Will unemploy-

BEST AVAILABLE COPY

ment remain below 8% in 1980?" While 53% answered yes, 47% said no.

In response to a question on whether corporate profits would rise by more than 10% in 1980, an overwhelming 75% checked "No," compared with 25% who thought profits would top 10%. The question, "Will yields on long-term AAA corporates be tending up in 1980?" brought an almost identical reply: 77%, no; 23%, yes.

Optimists were again in the majority concerning the probable level of the Dow Jones industrial average this year. We asked, "Will the DJIA reach 1,000 in 1980?" In response, 67% agreed that it would, 31% thought it would not, and 2% gave no answer.

The next group of questions on the survey asked for specific estimates of movement in the Gross National Product (GNP), Consumer Price Index (CPI), after-tax percentage change in corporate profits, prime rate, the Dow average, and the percentage of new funds to be committed to common stocks in 1980. The range of responses to these questions is shown in the five tables at right.

A comparison of the answers to these questions on this year's survey with the answers to the same questions on last year's questionnaire offers a gauge of change (or lack of it) in the mood and expectations of the nation's trust investment officers.

Last year, nearly 60% (59.86) of the respondents indicated that the real gain in GNP during 1979 would be between 0.1% and 2.0%. This year as well, the 0.1-2.0% range drew more votes than any other category, but only 47% of this year's respondents predicted that degree of gain. The next category, 2.1-4.0%, was chosen by 33%, compared with last year's 36%.

Interestingly, this year 13% of those participating in the survey predicted that GNP would remain flat or decline, an option no one chose last year. Responses from those predicting a flat or declining GNP ranged from a simple "no gain" and "will decline" to more precise estimates of "−1.0 to −2.0%"; "0 to −1.0%; and "−1.5%."

The next question on the survey asked investment officers to predict the rise in the Consumer Price Index during 1980. The largest number of respondents (40%) picked 8.0-8.9% as the most likely range of increase. Last year, the 7.0-7.9% range topped the list, selected by 45% of the participants. The second most frequently selected category this year was "more than 9%," the first choice of 28% of the respondents.

In the 1980 survey, as in last year's, a plurality (23% this year, 37% last year) predicted that after-tax corporate profits would increase 3.0-4.9% in the next 12 months. However, this year an almost equal percentage (22%) forecast that the gain would be between 7.0% and 8.9%.

As in the answers to the question on real GNP gain, a number of trust investment officers predicted either no gain or a fall in the level of corporate profits after taxes. Our questionnaire listed 3.0-4.9% as the minimum rise. On their surveys, 2% of the participants wrote, "Less than 3%." That after-tax corporate profits would register "no gain" was the opinion of 3% of this year's survey sample. Others (13%) wrote that 1980 would see a decline in after-tax corporate profits. Estimates of the projected drop ranged from "decline 5% to "down 11-12.9%," with several forecasting a decline of around 10%.

Another question asked trust investment officers to predict where the prime rate would stand on June 30, 1980. Here, perhaps more than on any other question, the impact of the Fed's October policy shift may have colored the results of the survey.

A June 1980 prime of 10.5-10.9% was forecast by 20% of those who returned the survey questionnaire. Exactly the same percentage named 9.0-9.4% as the most probable prime rate range at mid-year. A range of 9.5-9.9% was the third most popular choice, selected by 15% of the respondents. Only 2% believed that the prime would exceed 13% at the end of June.

Last year, the greatest percentage (21%) predicted that on June 30, 1979, the prime rate would stand at 9.5-9.9%, while 18% expected to see it between 10.0% and 10.4%.

The Stock Market

Six of the final seven questions on this year's survey concerned the stock market. First, we asked the trust investment officers where they expected the Dow average to be on June 30, 1980. A subsequent question asked them to fix the level of the Dow on December 31, 1980.

At mid-year, said 28% of the participants, the DJIA should be between 900 and 949. That range received more votes than any other. Ranked second was the 950-999 category, selected by 20% of those surveyed. The graph on

Table I
1980 Gain in Real GNP

% Gain	% of Response
"Decline"	3%
−1% to 2%	5%
0 to −1%	5%
0.1-2.0%	47%
2.1-4.0%	33%
4.1-6.0%	3%
6.1-8.0%	2%
8.1-10.0%	2%

Table II
1980 Rise in Consumer Price Index

% Rise	% of Response
2.0-2.9	5
3.0-3.9	2
4.0-4.9	0
5.0-5.9	5
6.0-6.9	5
7.0-7.9	15
8.0-8.9	40
9.0+	28

Table III
Change in Corporate Profits after Taxes in 1980

% Change	% of Response
Decline	13
No change	3
Less than 3%	2
3.0-4.9	23
5.0-6.9	18
7.0-8.9	22
9.0-10.9	12
11.0-12.9	7
13.0-14.0	0
15.0-16.9	0
17.0+	0

Table IV
Prime Rate on June 30, 1980

Rate (%)	% of Response
8.0-8.4	3
8.5-8.9	7
9.0-9.4	20
9.5-9.9	15
10.0-10.4	12
10.5-10.9	20
11.0-11.4	8
11.5-11.9	5
12.0-12.4	8
12.5-12.9	0
13.0+	2

Table V
New Funds Committed to Common Stocks in 1980

% Funds	% of Response
0	3
1-20	17
21-40	20
41-60	45
61-80	15
81-100	0

"Interestingly, as we enter a Presidential election year and inflation and/or recession . . . dominate both news and conversation, neither politics nor the economy will be the most critical issue confronting the trust industry in 1980, according to the survey."

below traces the complete range of responses. Last year, a 29% plurality thought that on June 30, 1979, the Dow average would be between 850 and 899, while 28% believed it would stand between 900 and 949 on that date.

By the end of 1980, the Dow average will be in the 950-999 range, according to 33% of this year's participants. An optimistic 17%, the second highest concentration of responses, expect to see the average between 1,000 and 1,049. Last year, 29% of those polled, the largest percentage, predicted that on December 31, 1979, we would find the Dow average in the 950-999 vicinity.

We then asked what percentage of new funds would be committed to common stocks in 1980. A 45% plurality anticipate that common stock will receive 41-60% of new funds this year. The second most frequently cited estimate, endorsed by 20% of the respondents, was that 21-40% of new funds would go into common stock. These results nearly paralleled last year's responses to this question. At that time, 43% chose the 41-60% range, and 22% selected the 21-40% category.

Favorites

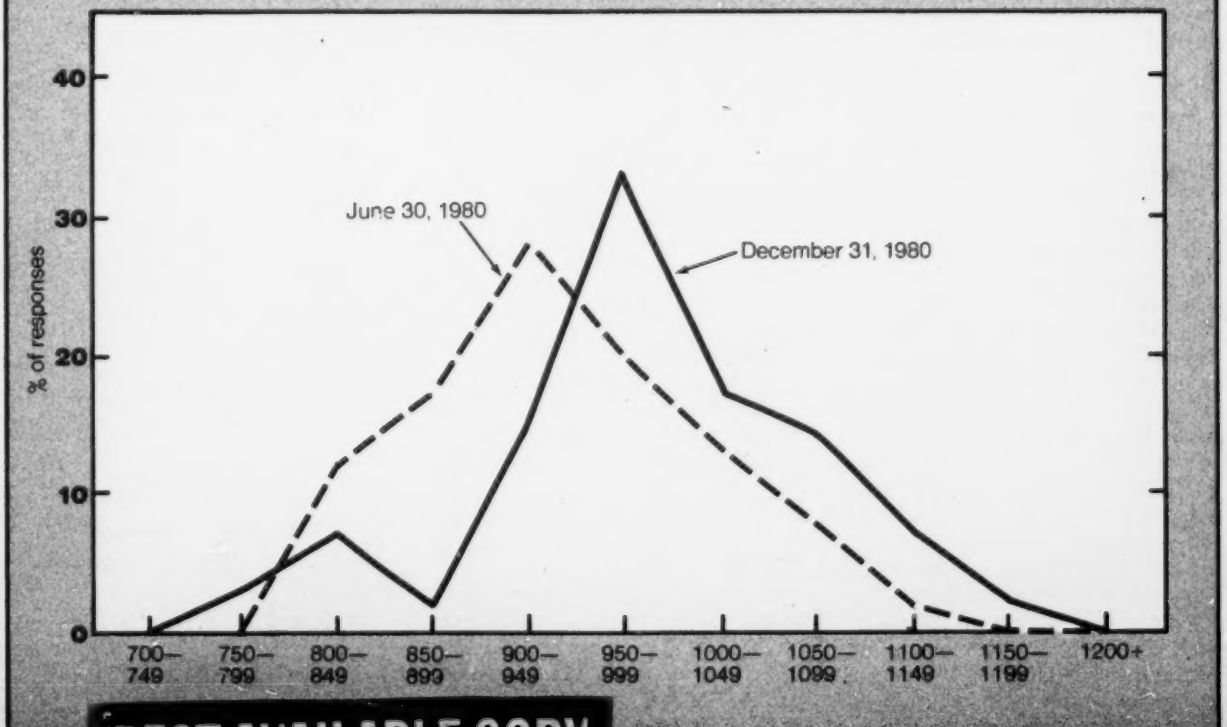
The last major block of questions on the survey asked respondents to list what they considered the five most promising industries in which to invest, the three most promising growth stocks, the three most promising income stocks, the three most promising long-term growth stocks, and the three most promising short-term income stocks. From these responses, we compiled lists of the ten most frequently mentioned stocks in each category. These lists appear in Tables VI-X on page 26.

Four of the industries included on last year's "most promising industries" list were repeated this year: energy (oil and gas), computers and high technology, office equipment, and chemicals. New additions were telecommunications, capital goods, retailing, aerospace and defense, health care services, and forest products. Those which appeared last year, but did not make this year's top ten were drugs, financial services, food, and insurance.

Among the favorite growth stocks cited by this year's sample, IBM and

Projected Level of Dow Jones Industrial Average

June 30 and December 31, 1980



BEST AVAILABLE COPY

BEST AVAILABLE COPY

Table VI
Most Promising Industries

Industry	% of Mentions
Energy (Oil & Gas)	78
Computers & high technology	41
Telecommunications	20
Capital goods	18
Office equipment	15
Retailing	13
Aerospace & defense	10
Health care services	8
Chemicals	8
Forest Products	7

Table VII
Favorite Growth Stocks

Company	% of Mentions
IBM	15 (1)*
Schlumberger	8 (2)
Xerox	7
Texas Instruments	7
Phillips Petroleum	5
Raytheon	5
Air Products & Chemicals	3
Atlantic Richfield	3
Baxter Travenol	3
Burroughs	3
Digital Equipment	3
Hewlitt Packard	3
Johnson & Johnson	3
Pepsico	3
Raychem	3
Santa Fe International	3

*( ) Ranking in last year's survey

Table VIII
Favorite Income Stocks

Company	% of Mentions
AT&T	33 (1)*
Exxon	10 (2)
IT&T	10 (10)
R. J. Reynolds	10 (4)
General Motors	8
Texas Utilities	7
Ford	5
Houston Industries	5
Tenneco	5
IBM	3
American Brands	3 (5)

*( ) Ranking in last year's survey

Table IX
Favorite Long-term Growth Stocks

Company	% of Mentions
IBM	35 (1)*
Schlumberger	18 (4)
Merck	8 (4)
Texas Instruments	8
Xerox	8
Phillip Morris	7 (3)
Baxter Travenol	5
Hewlitt Packard	3
Intel	3
Raychem	3

*( ) Ranking in last year's survey

Table X
Favorite Short-term Income Stocks

Company	% of Mentions
AT&T	13 (1)*
General Motors	8 (6)
Houston Industries	8
R. J. Reynolds	7 (4)
Southern Company	7
American Electric Power	5
Ford Motor Company	5 (7)
General Telephone & Electric	5 (5)
Texaco	5
Columbia Gas	3
Commonwealth Edison	3
Exxon	3 (2)
Tenneco	3

*( ) Ranking in last year's survey

Schlumberger were the only two which were also included in last year's list. The remaining eight from the 1979 survey — Smith Kline, Phillip Morris, Merck, 3M, United Technologies, Eastman Kodak, Millipore, and MacDonald's — were all replaced.

There were fewer changes this year among the group of "most promising income stocks." AT&T, Exxon, R. J. Reynolds, IT&T, and American Brands appeared on both the 1979 and 1980 lists, though in different order. Last year's choices which were eclipsed this year were Pacific Gas & Electric, Public Service of Colorado, Consolidated Edison, Duke Power, and Mobile Oil.

IBM, Schlumberger, Merck, and Phillip Morris, all of which were among the top ten "most promising long-term growth stocks" last year, remained on the list of favorites this year. For the third consecutive year IBM headed the list. Replaced this year were 3M, Pepsico, Digital Equipment, Dow Chemical, General Electric, and Smith Kline.

For the second year in a row, AT&T drew the most votes as the favorite "short-term income stock." General Motors, R. J. Reynolds, General Telephone & Electric, Ford Motor Company, and Exxon also made a second consecutive appearance on the list. Dropping out of the top ten favorite short-term income stocks this year were Mobile Oil, American Brands, Pacific Gas & Electric, and Southwestern Public Utilities.

The Most Important Issue

The survey's final question was, "What will be the most important issue confronting the trust industry in 1980?" Interestingly, as we enter a Presidential election year and inflation and/or recession seem to dominate both news and conversation, neither politics nor the economy will be the most critical issue confronting the trust industry in 1980, according to the survey. That title this year goes to "competition from other industries," cited by 17% of those answering the survey.

Inflation did concern enough trust investment officers to merit the second position on our list of most important issues. However, it demanded no greater concern than *profitability;* both issues were mentioned by 15% of the participants. *Regulation* (in which we included votes for the carryover basis controversy) was fourth on the list, with 13% naming it the most vital issue of the year. Rounding out the top five was *economy and recession,* a category mentioned by 5% of the survey respondents.

Many answers we received to this final question did not fit neatly into any of the five categories above. Nevertheless, the answers revealed a number of interesting expectations trust investment officers hold for 1980. Among these comments were the following:

- "To become flexible enough to meet the changing needs of existing trust clientele and to develop a program tailored to the needs of small estate holders at a reasonable cost."
- "The need to offer specialized investment products other than traditional stocks and bonds."
- "One issue which might be highlighted by financial market conditions would be the possible distortion of trust company investment practices by the necessities of competition."
- "Investment in stocks versus precious metals during an unnerving election year."
- "Re-evaluating the "prudent man" rule."
- "The deterioration of market prices of trust assets (specifically, the Dow Jones average)." □

Why Invest Trust Funds in Collectible Stamps?

Recently, a Nebraska trust company established a new "Philatelic Service." In this article the man who proposed and implemented the program explains the reasons behind it.

BY PAUL D. KADAVY
Executive Vice President
First Northwestern Trust Company
of Nebraska
Hastings, NE

Certainly, one of the most satisfying opportunities for any trust institution is to offer a new service to the public. We all know that in our business this occurs only rarely. It is particularly satisfying when (1) the new service is not available at other trust institutions, (2) it offers an opportunity to meet a need that is not being met elsewhere, and (3) the offering of the service produces substantial income at low cost for the trust institution. With the offering of our "Philatelic Service" at First Northwestern Trust Co. of Nebraska, we feel we have achieved these objectives.

In a way the idea behind this service occurred almost by accident. I have been a collector of world-wide stamps since childhood. In 1972 I began to realize that the older United States postage stamps were growing in value at a rate which outpaced the performance of traditional investments. This was true for the values reported by Scott Publishing Co. catalog, considered to be the stamp collector's bible. In researching the history of Scott catalog values for older U.S. stamps, I found the prices had been going up in steady progressions for decades. It was at that time I decided to become more advanced in my collecting, not only in terms of dollars spent (it was now not just a fascinating hobby, but also an investment), but also in my knowledge of U.S. philately. A continual review of auction price realizations at the major stamp auction houses throughout the country was essential to develop a feel for the philatelic market, especially since there are many different grades of quality for each stamp issued, which greatly affect value. The time commitment was substantial as were the rewards.

In March 1979, a customer of The United States National Bank of Omaha, an affiliate of our trust company, was referred to me by a bank officer because of the common interest which the customer and I had — namely, collecting investment-grade U.S. stamps. The customer showed me an item which had been purchased that day from a dealer. It was a never-hinged plate block of six of a popular U.S. stamp, which was in very fine condition. The price which the customer had paid for the block was $1,500. It was immediately clear to me — although I did not relate this to the customer — that I could have purchased a block of the stamp with the same qualities at a major auction house for $1,150, charged a 5% to 10% fee, and still have saved the customer well over $200! This specific incident laid the groundwork for the development of First Northwestern's "Philatelic Service." In thinking this through, there seemed to be other reasons for offering such a service:

- The customer, through our purchases at major auction houses, would have access to high-quality rarities that would typically be unavailable locally in the dealer market.
- Perhaps the general public, not just collectors, would be interested in investment-grade stamps when told about the potential returns.
- Perhaps holders of Keogh plans, IRAs and other employee benefit plans would want to make use of philatelic investments in view of the emphasis on performance in these plans.
- Perhaps this service would give us greater access to younger people because the higher commissions would allow us to accept smaller accounts. By doing business with the younger set today, we would not risk losing them to another offerer of trust services in the future after they have accumulated larger estates.
- Through our knowledge of philately, we would expect to be named in more estate plans which contain substantial collections and investments in stamps.

Expertise Necessary

After several months of planning, I was able to establish the procedures necessary to begin offering the service. Approval was given by management and the Board of Directors to begin this service on a pilot-project basis. That approval was obtained because of the opportunity to offer a new service and the potential income from it, the history of price performance in the philatelic marketplace compared with traditional investment returns, and the availability of in-house expertise to administer and monitor the program. I emphasize the latter because, in the August 1979 issue of TRUSTS AND ESTATES, it was stated that David Lee of Clayton Trust Company felt such philatelic expertise was not necessary

BEST AVAILABLE COPY

since his company's function was strictly custodial.

The structuring of our service is far different. I am quite sure that Dave Neely, the President of our company, would not have approved the offering of this service without expertise on the staff. That was considered crucial. We do our buying at major auction houses throughout the country and with dealers who have established national reputations. It may be that one of the reasons the philatelic investment market for IRA, Keogh, and other accounts has not materialized is that the investor expects the trust institution to have the expertise to serve as the back-up to the dealer who buys the stamps for his portfolio. This concern is very real when one knows, for example, that a used 1847 5¢ Franklin sells for over $2,000 in superb condition, whereas a faulty copy would sell for under $300. To the unknowing trustee, the differences are not readily noticed.

A purchaser of stamps has things to think about that the Trust Investment Department has never heard of. Where and how you spend your stamp dollars is critical. How well the stamp is centered, the condition of the gum, whether repairs have been made, the condition of the perforations, the richness of color, and many other factors determine the price of a stamp and its desirability from an investment standpoint. Acting strictly as a depository offers the investor no such safeguard. We have had no difficulty in attracting investment accounts since our service began, some of them for six-figure amounts. We would not want, however to take a philatelic account where our only role was that of a depository.

Use of Agents

Even with my experience in the philatelic marketplace, it has been necessary for us to make use of agents to assist us in our continual buying program. It would otherwise require my full time to attend the auctions and meet with dealers who have access to high-quality material. This would be impractical and expensive and, fortunately, is unnecessary. Through David E. Blair, President of Continental Auctions, Inc. of Chicago, we have had access to major auctions and to large dealers. When buying for us, Mr. Blair has purchased top quality material and rarities that our trust company might not otherwise know was for sale. Through private transactions with other dealers, he has been able to receive dealer discounts, which in cases are substantially larger than fees paid for his services. Such discounts would not be available to us as a non-dealer. He either attends major auctions or is represented by others who have an opportunity to examine material before the auction. This offers a considerable advantage over mail bidding, which is, at best, uncertain in terms of the results and may often necessitate returned lots when the bidder does not have the opportunity to view the lots before the auction. All lots purchased through this arrangement are also examined by us for quality and correctness of pricing. I would recommend such an arrangement to any trust institution which may consider offering this service. Yet, the importance of back-up expertise in-house is in no way lessened by such an arrangement. Many times, our decisions are made as a result of joint deliberations and close scrutiny of rare items. The fiduciary, even if under direction, cannot totally be relieved of the responsibility for quality decision-making. And that fact seems to me to create a case for specialized knowledge in the trust industry as has occurred in the medical and legal professions. Philatelic knowledge is but one small example. Other tangibles present valid investment opportunities, assuming the skills are available within the trust institutions to administer them. I think that, without these and other specialized skills, we don't really serve the customer to the extent he needs. We should deserve more as trust institutions than to acquire new business which is solely custodial in nature because a law requires someone to use us.

The historical price appreciation in investment-grade stamps (in collectibles generally for that matter) has been so favorable in relation to traditional investments that it can no longer be ignored. Most people familiar with philatelic investments would acknowledge that investment-grade U.S. stamps have appreciated by 15% to 20% compounded annually for the past 10 years and about 60% for the past two years. That pace continues today. Because of the accelerating rate of appreciation, questions are being asked whether the largest increases have already occurred and if prices may begin to plateau or even to decline. In my opinion there are several factors which bode well for a continuing increase in the prices of quality postage stamps, regardless of economic conditions:

- There is a firm and steadily growing base of collectors in this country who need to acquire stamps for their collections. This built-in demand has always provided great stability and gradual upward pressure to prices of stamps. Stamps bought for collections tend to disappear from the market for many years. This base of collectors is further built by the U.S. Postal Service, which spends millions of dollars annually on T.V. and magazine advertising to promote stamp collecting. Although this advertising is intended to promote sales of new issues (which of-

Value of Selected U.S. Stamps: 1940-1979

Scott Catalog Number	Description	1940	1964	1972	1974	1979
1	1847 red brown	$ 40	$ 125	$ 400	$ 450	$ 1,200
2	1847 black	150	375	1,850	2,750	8,500
3	1875 reprint of #1	10	85	235	250	750
4	1875 reprint of #2	12	115	325	375	900
112-122	1869 pictorials	420	879	2,708	3,460	7,505
230-245	Columbian issues	240	674	2,486	2,963	7,588
285-293	Trans-Mississippi issues	121	360	1,099	1,421	3,164
294-299	Pan-American issues	13	43	102	142	366
300-313	1902-03 regular issues	128	358	810	980	2,714
401-404	Panama-Pacific (Perf. 10)	56	140	373	446	1,000
424-440	1914-15 Single line Wtrmk.	67	158	314	353	986
523-524	1918 $2 & $5 Franklins	35	100	180	205	800
551-573	1922-25 regular issues	24	64	134	189	579
630	White Plains Souv. Sheet	7	72	125	160	450
C1-C3	First Airmails	7	34	92	140	310
C4-C6	Second Airmails	6	30	76	119	267
C13-C15 & C18	Graf Zeppelin issues	47	316	700	835	3,050
		$1,384	$3,656	$11,324	$14,453	$38,031

BEST AVAILABLE COPY

fer virtually no investment appeal), there is bound to be favorable carryover for investment grade material.

• The supply of investment-grade stamps is absolutely fixed and cannot be increased except by fradulent means. For such items where there may be a concern, the expert committees of the Philatelic Foundation in New York and others will issue a certificate of genuineness for a fee if the item is, in fact, genuine. All major auction houses and dealers will accept the return of any item found not to be genuine by such an authority. Actually, the supply of investment-grade stamps is decreasing since some continue to be lost or reduced in value through fire, mishandling and other means.

• Traditional investments on a total return basis have lagged so greatly behind philatelic investments and other collectibles in the past ten years that a continually increasing flow of new money from investors into stamps, both in the United States and abroad, has occurred with even broader implications. Now pension funds, wealthy doctors, lawyers and businessmen are bidding for and buying substantial quantities of rare stamps. Even securities brokerage firms are seriously thinking about or are preparing to enter the market for philatelic investments and other collectibles which have demonstrated strong performances. I expect to see more trust activity also.

Annual Compounded Increase In Value of a Selected Set of United States Stamps

Scott Catalog Number	Description	last 39 years	last 15 years	last 7 years	last 5 years
1	1847 red brown	9%	16%	17%	21%
2	1847 black	11%	23%	24%	25%
3	1875 reprint of #1	12%	16%	18%	25%
4	1875 reprint of #2	12%	14%	15%	19%
112-122	1869 pictorials	7%	15%	14%	16%
230-245	Columbian issues	9%	17%	17%	21%
285-293	Trans-Mississippi issues	9%	15%	14%	18%
294-299	Pan-American issues	9%	15%	17%	21%
300-313	1902-13 regular issues	8%	14%	18%	22%
401-404	Panama-Pacific (Perf. 10)	7%	14%	14%	18%
424-440	1914-15 Single line wtrmk.	7%	13%	16%	23%
523-524	1918 $2 & $5 Franklins	8%	15%	23%	31%
571-573	1922-25 regular issues	8%	15%	23%	25%
630	White Plains Souv. Sheet	11%	13%	20%	23%
C1-C3	First airmails	10%	16%	19%	17%
C4-C6	Second airmails	10%	15%	20%	17%
C13-C15 & C18	Graf Zeppelin issues	11%	16%	20%	28%

• Records of stamp price increases are more widely available than for any other type of collectible because of the catalogs of the Scott Publishing Company which has been in the business since the 1880's and because of published auction realizations.

• Because of the Department of Labor ruling on January 23, 1979, institutions such as ours will find it easier to invest in collectibles and other investments which prior to the ruling did not meet the standards of prudence under ERISA. This ruling seems to be a verbalization of a change in customary law which had already taken place;

• For individuals with substantial resources who can do without cash flow on a part of their resources, philatelic investments offer some interesting tax treatment. There is no income tax consequence until the stamps are sold, and then at capital gain rates if held longer than one year. The investor can time his sales to his best tax advantage. In a way, it is like a tax shelter.

Problem Areas

In spite of all these strong underpinnings which support philatelic investments and have driven prices increasingly higher, there are some problem areas that could conceivably have an effect upon this scenario of upward price movement.

If borrowings by investors to purchase stamps start playing a significant role in the total trade in investment grade stamps, for example, it would be a plus for stamp prices in the short term but a definite minus for longer term stability. Just as margin calls depress the securities markets, a wave of selling headed by leveraged investing in stamps would cause peaks and valleys in stamp prices which would add an element of uncertainty not encountered by stamp investors before.

If the ratio of investor to collector purchases increases dramatically, it would add a further element of uncertainty to the market in that investor stamp portfolios tend to be resold much more frequently than a collection painstakingly built over a period of many years. Thus, the supply factor in a market would be affected because of velocity.

If hustlers who prey on the unwary become a significant factor in the marketplace, confidence in the investment medium itself could wane. Of course, a personal knowledge of philately is the best guard against this. However, investors in anything can be lured by the prospects of large returns in investments they know nothing about. Caveat Emptor applies in such transactions, so the watch-word is to know those with whom you are dealing.

Although I would be the first to admit that there is some increase in each of these negative factors, I also feel strongly that it has not reached the point of causing any jeopardy to the philatelic marketplace, nor is it likely to do so in the foreseeable future. Pro-

fessionals in this business are mostly a very honest group, with a great deal of integrity in their dealings with their customers. Members of the American Stamp Dealers Association, the Philatelic Foundation, the American Philatelic Society, the Society for Philatelic Americans and other worthwhile philatelic groups are determined to keep philately as a hobby and as an investment under self-regulation through their own organization. This is free enterprize at its finest, in my opinion, and it works. Clearly too, if any of these negatives become significantly burdensome, the tell-tale signs will be easily read in the formative stages by professionals in the business and those knowledgeable in philatelic investments.

Philatelic Technology

One of the really positive developments in philately today is that technology is bringing it into modern times. The S/Mart Teletype system developed by Itel Corporation allows dealers and investors to have immediate access to buying and selling information across the country from other participants in the system. Also, video tape recorders are being used by such professionals as Myron Kaller, President of Myron Kaller & Associates, Inc., who invests in stamps for substantial clients. Instead of the time-consuming and expensive process of sending rare stamps to prospective buyers through registered and insured mail, a color video tape is sent along with commentary about the lots that the buyer is viewing on the tape. In addition to these developments, computer software packages will certainly arrive which will provide the investor with up-to-date pricing information, whereas information on prices realized at auction now are seldom available until weeks after the auction has already taken place.

Computer programs for accounting and pricing will eventually dovetail to provide individual portfolio valuations for annual or more frequent review purposes. The accounting is much more onerous for investments in stamps. Records must be kept of each lot by catalog number, exact description and cost basis with adequate tracing for audit purposes. New computerized accounting systems should help to encourage others to offer this service who have otherwise avoided it due to the need to establish alternative manual record-keeping procedures, such as ours. We hope to be involved in developing such a system.

With all of this sophistication entering into the picture, what impact will the institutional investor have upon the philatelic marketplace? The entire stamp trade in the United States is probably about two billion dollars per year. For high-quality investment-grade stamps, it is only a fraction of that figure. This contrasts with the securities and commodities markets which account for several trillion dollars per year.

If traditional investments continue to show performance below levels of inflation, it is safe to say that some small fraction of the trillions of dollars will be transferred to the philatelic marketplace and other collectible markets. In comparing the relative sizes of these different markets, a dramatic upward effect upon investment-grade stamp values is obvious if even a very small fraction of funds are moved out of the traditional marketplaces. Our trust company plays a small role in this. If we buy several million dollars in stocks and bonds, it is miniscule compared to the billions of institutional dollars which flow to such

assets. In the philatelic marketplace, however, it plays a greater role.

Although not a major factor in determining prices, we are in effect another supporter of firm prices, and each institution which enters the stamp market does the same. We are like new collectors; however, the game is different and the dollars are larger. I doubt that the investment-grade philatelic market can absorb more than 15 to 20 million dollars per year above and beyond the present levels. There is simply not that much more quality material for sale. Therefore, those dollars could only mean one thing: much higher prices for the stamps in the available supply.

Although a thorough knowledge of philately requires years of study and exposure through others knowledgeable in the field, philately as an investment is extraordinarily simple. The theories which analysts develop to make common stock selections are totally foreign to the philatelic marketplace. The market for rare stamps is for the most part a pure demand/supply relationship. Investment-grade stamps have no "value" other than as postage — unless someone decides to pay more for them. □

Paul D. Kadavy is executive vice president and corporate secretary of First Northwestern Trust Co. of Nebraska, Hastings, an affiliate of Northwest Bancorporation. He has been with the company for ten years and heads the Personal Trust, Estate Administration and Asset Management Department.

Kadavy holds Bachelor's and Master's degrees from the University of Nebraska — Lincoln and is a trust major graduate of the Southwestern Graduate School of Banking at SMU. Mr. Kadavy teaches trust and estate planning courses at several schools and is an active member in the Omaha Estate Planning Council. He is also a member of the Philatelic Foundation, American Philatelic Society and Society for Philatelic Americans.

NOTE

ONLY THE FOLLOWING PAGES OF THIS PUBLICATION

HAVE BEEN FILMED

Cover 1, p. 2,

10-14, 20-29.

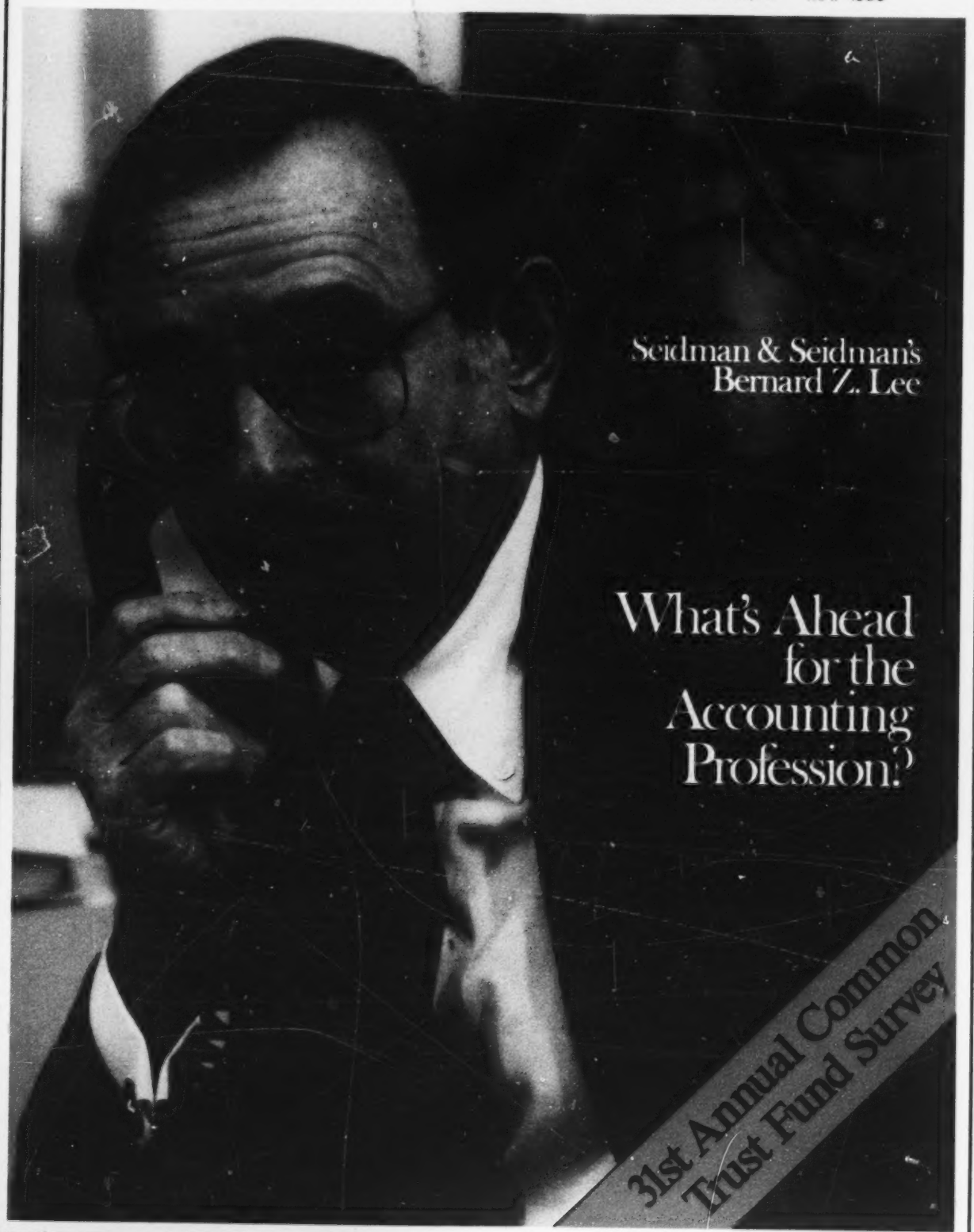
MAY

1980

5/10/80 C 2425-2

TRUSTS & ESTATES

ESTATE PLANNING & ADMINISTRATION A Publication of Communication Channels, Inc. MAY 1980



Seidman & Seidman's Bernard Z. Lee

What's Ahead for the Accounting Profession?

31st Annual Common Trust Fund Survey

BEST AVAILABLE COPY

TRUSTS & ESTATES

Volume 119, No. 5 MAY 1980

Estate Planning and Administration Since 1904

10 / **Trusts & Estates' 31st Annual Common Trust Fund Survey**
Short-term investments play a more prominent role

30 / **What's Ahead for the Accounting Profession?**
Greater recognition and demanding new responsibilities *Bernard Z. Lee*

37 / **How Many Portions Are There in Corpus?**
Comments on withdrawal of Clifford trust capital gains *Joseph Ginsburg*

39 / **Computerized Estate Planning: An Accountant's Perspective**
Consider both advantages and disadvantages *Bruce W. Curtis*

42 / **A Picture Is Worth . . .**
Rare photographs as an estate asset and potential investment *Richard Boling*

49 / **In Search of Missing Heirs: The World of Forensic Geneaology**
There are more lost beneficiaries than you might think *Carolyn Mathews*

54 / **Federal Estate Tax Deferral: New Challenges for Fiduciaries**
Recent IRS rulings have added new considerations *Marc P. Blum and Charles E. Bienemann, Jr.*

61 / **Managing Employee Benefit Plans through Automation**
If you can't find the right system, develop your own

64 / **Philanthropy and Estate Planning**
IRS collapses contribution tax shelter *Conrad Teitell*

COVER

During the 1980's the accounting profession faces several critical issues, such as the need to develop an equitable system of self-regulation and to meet the challenges of automation. In our cover story this month, Seidman & Seidman's Bernard Z. Lee comments on these and other topics. "What's Ahead for the Accounting Profession?" begins on page 30.

REGULAR FEATURES

2 Editorial
6 Letters to the Editor
60 Meetings & Conventions
66 Law and Life Insurance
68 Recommended Reading
69 Personnel Changes
72 Fiduciary Decisions

TRUSTS & ESTATES'

31st Annual Common Trust Fund Survey

As the economy has grown increasingly volatile and unpredictable, our survey results indicate, common trust funds, not surprisingly, have committed more of their assets to short-term investments

by **RICHARD BOLING**
Editor
and
SHARON MATHIS
Research Director

Institutions administering common trust funds committed a larger percentage of their fund assets to short-term investments in the past year. Not surprisingly, while interest in short-term commitments has risen, the percentage of assets invested in corporate bonds dropped significantly. What is surprising is that the percentage of assets committed to common stocks also declined. These were among the findings of TRUSTS & ESTATES' 31st Annual Common Trust Fund Survey. More specifically, the survey results also suggest that, in a volatile and uncertain economic environment, many fund managers have begun seeking greater diversification in their common stock holdings.

The results of this year's survey was based on the annual reports of 456 funds at trust institutions across the U.S., a sample 19% larger than last year's. A table detailing the distribution of these funds acccording to asset size is provided on page 00. Interestingly, this year's sample contained a significantly larger percentage of funds with holdings worth over $100 million. Nearly 7% (6.7%) of the respondents this year fell into that category, compared with 2.8% in 1979. This higher percentage of large funds, together with the inevitable effects of inflation, also accounted in part for the dramatic rise in the value of the combined assets of all reporting funds, from $6.6 billion in 1979 to $11.9 billion this year.

The 31st Annual Common Trust Fund Survey also marks the return of a feature which was omitted last year, the high and low price quotes for the "Favorite Fifty" stocks during 1979. These statistics were drawn from *Standard & Poor's Stock Reports* and have been restored as part of the survey at the request of a number of readers who found this information interesting and valuable.

The Favorite Fifty

The top five stocks in the "Favorite Fifty" rankings last year remained in the five leading positions this year as well, although in slightly different order. IBM has retained its hold on first place for a decade, its overwhelming popularity among fund managers evidenced by the fact that 91% of the surveyed funds which hold common stock own shares of IBM. For the second consecutive year, AT&T took second place in the poll. Kodak dropped from third to fifth place this year, while Exxon and General Electric each moved up one slot from their 1979 positions to fill the third and fourth places this year.

Interestingly, many stocks which appeared in both the 1979 and 1980 lists maintained their positions or even rose in the rankings this year, even though a smaller percentage of reporting funds held the stock. For example, Atlantic Richfield, which was sixth in the rankings both years, was held by approximately 14% fewer funds in 1980. Similarly, Phillips Petroleum retained the fourteenth spot in the rankings though only 32% of the funds holding common stock this year held Phillips shares, compared with 41% last year. This may indicate a movement toward greater diversification of common stock holding among some fund managers. Indeed, the survey also revealed a decline in the percentage of funds holding stock in many of the "industry leaders" not listed in the top fifty.

Among the newcomers to the "Favorite Fifty" list were McDonald's, General Mills, and Deere &

The Favorite Fifty

Rankings of Common Stocks held by Surveyed Funds

Stock	Rank 1980	Rank 1979	Rank 1978	No. of Funds Holding	Shares Held (000)	1979 Stock Data High	1979 Stock Data Low
IBM	1	1	1	219	1,791.4	80-1/2	68-1/2
AT&T	2	2	3	180	1,423.1	64-3/4	57
Exxon	3	4	2	170	1,428.4	55-3/4	48-3/4
General Electric	4	5	4	154	1,005.4	51-5/8	45-1/2
Eastman Kodak	5	3	5	115	582.3	66-7/8	52-7/8
Atlantic Richfield	6	6	14	105	753.4	69-3/4	56
Minnesota Mining & Manufacturing	7	20	7	99	556.4	66	52-1/4
Standard Oil of Indiana	8	10	9	95	608.8	69	53-1/2
Xerox	9	17	16	88	431.3	62-7/8	52-5/8
Merck	10	11	10	84	481.3	71-5/8	62-1/2
Caterpillar Tractor	11	9	21	79	387.4	62-7/8	53
American Home Products	12	13	12	77	778	28-5/8	24-3/8
Phillip Morris	13	24	20	76	547.7	37-3/8	31-1/8
Phillips Petroleum	14	14	15	75	809.6	40-3/4	29-1/2
K-Mart	15	27	18	73	729.9	28-5/8	22-1/2
Mobil Oil	16	23	26	72	755.3	44-3/8	34
Dow Chemical	17	8	11	72	536.5	29-5/8	24-3/8
General Motors	18	21	6	71	513.3	61-3/4	53-1/8
Burroughs	19	15	23	68	221.1	78	64-3/4
Coca Cola	20	28	27	66	548.1	46-1/8	36-1/2
R.J. Reynolds Industries	21	34	45	66	353.6	60-5/8	54-1/2
Emerson Electric	22	—	33	64	452.7	39	32-1/4
Citicorp	23	7	17	63	579.2	26-5/8	22-1/2
Sears, Roebuck, & Co.	24	12	8	62	703.5	21-7/8	18
Schlumberger	25	16	28	62	399.9	86-3/8	61-3/4
PepsiCo	26	39	—	60	504.6	28-1/2	21-7/8
Proctor & Gamble	27	18	13	60	250.2	89-3/4	72-3/4
Conoco	28	—	31	57	443.5	41	28
Colgate Palmolive	29	33	37	54	633.3	19-5/8	15-3/4
Texaco	30	26	29	54	500.5	29-3/8	23-5/8
Union Pacific	31	48	32	53	320.8	70-3/8	51-1/2
E.I. DuPont de Nemours	32	36	23	53	250.7	48-1/4	41-3/8
Beatrice Foods	33	30	42	52	789.2	24	20-1/8
General Telephone & Electronics	34	—	36	51	409.8	30-3/4	27
Warner Lambert	35	50	—	50	508.2	26-1/2	21-1/2
Johnson & Johnson	36	49	38	49	234.8	77-3/8	67-3/8
Pfizer	37	40	—	48	327.5	35	29
BankAmerica	38	41	49	44	590.2	27-1/8	24
Mc Donald's	39	—	—	44	386.1	51-3/4	39-1/4
American Express	40	25	30	44	359.5	36-1/8	28
J.C. Penney	41	32	41	44	356.1	33-3/8	28
Avon Products	42	42	—	43	412.8	56	45-5/8
Halliburton	43	22	19	43	218.9	80	59-3/4
International Telephone & Telegraph	44	—	51	41	531.1	30-7/8	27
Texas Utilities	45	37	46	40	523.8	20-1/8	18
Abbott Laboratories	46	43	—	40	430.8	36-1/4	29-1/2
Weyerhauser	47	19	24	39	309.2	32-7/8	24-1/2
General Mills	48	—	—	39	234	30-3/8	23-7/8
Kraft	49	—	44	38	264.7	48-3/4	43
Ford Motor Co.	50	44	—	37	316.2	45-3/8	39-7/8
Deere & Co.	51	—	—	37	282.7	38-7/8	33-1/4
Union Carbide	52	38	47	37	182.2	40-3/4	34

BEST AVAILABLE COPY

Co. The most spectacular debut was made by Emerson Electric, which, after dropping off the list last year, vaulted to number 22 in our most recent survey. General Telephone & Electronics, International Telephone & Telegraph, and Kraft also returned to the list after a year's absence.

Stocks disappearing from the rankings this year included Bristol Meyers, Schering Plough, Smith-Kline, Revlon, Tenneco, and International Paper. The latter registered the most dramatic fall, dropping off the list from the 29th position in 1979. This year's poll also reflected several precipitous declines among stocks which remained among the top fifty. Most notable among these was Weyerhauser's plunge from 19 last year to 47 in the 1980 rankings.

Common Stock Funds

Equity funds formed a smaller percentage of the 1980 survey than they did in 1979 (44% last year, 36.8% this year). Analysis of changes in the asset mix of these funds revealed a number of correspondences between trends in common stock fund investment and the general data for all funds, particularly in the new, heightened emphasis on short-term investments.

While the percentage of equity fund assets committed to common stock declined 4% from last year's level, the percentage of assets committed to short-term investments rose 5.5%. Money market funds, commercial paper, and other short-term commitments accounted for nearly 12% of equity fund assets among this year's participants.

Equity fund investment in U.S. Government securities and corporate bonds did not change substantially from last year's levels. Investment in longer term U.S. Government bonds increased only 1.81% in the latest survey, while the percentage of assets committed to corporate bonds remained about the same (1% in 1979, .27% in 1980).

Balanced Funds

The 1980 survey included data from 38 balanced funds, compared with 51 funds in last year's sample. Between the two samples of balanced funds themselves, there were significant differences in the distribution according to asset size. In 1979, 74.5% of the funds in this category claimed assets of "under 25 million"; in 1980, funds with assets in that range represented 82% of the total. The range of asset-size classifications extending from $25 million to $75 million held 15% of this year's responding funds, down from 17.8% last year. Larger funds — $75 million to above $100 million in assets — constituted only 3% of this year's sample compared with 7.7% in 1979.

The balanced funds in this year's survey offered, in a sense, the most anomalous results. While other funds indicated greater emphasis on short-term investments and a growing disenchantment with corporate bonds and some government securities, the balanced funds remained strong in these commitments. The percentage of assets invested in long-term corporate securities did decline slightly (21.14% in 1979, 19.67% in 1980), but there was a dramatic rise in the percentage committed to U.S. Government securities, from 8.9% last year to 20.35% in the most recent poll.

Investment in common stocks among the polled balanced funds dropped 6.2% from 1979 levels, while the percentage of assets committed to short-term investments remained essentially unchanged.

Tax-Exempt Funds

While interest in U.S. Government securities waxed among balanced funds, it waned among the tax-exempt funds polled. Last year, tax-exempt funds reported 18% of their assets in U.S. Governments; this year, that dropped to .55%.

Interestingly, municipals gained strength among tax-exempt funds in the latest survey, claiming 96.48% of total assets, an increase of 19.78% over the 1979 percentage.

Income Funds

Nowhere in the survey results was the shift away from long-term fixed-income investments to short-term commitments more dramatic than among income funds. The percentage of assets committed to short-term investments among the funds was almost triple that of last year, jumping from 12.8% to 36.01%. Similarly, cash and savings accounted for 7.94% of all assets this year, up from 1.3% in 1979.

All other types of investments lost ground among income funds. The percentage of total assets in long-term corporate securities fell 15.85%, while the holdings committed to U.S. Governments dropped 6.44%. Investment in common stock was also down 2.62% from last year's levels.

Industry Rankings

Across-the-board gains in the industry categories of "Electrical & Electronics," "Food & Beverage," and "Transportation" suggest a surge of interest in these areas among common trust fund investment managers. The proportional number of funds holding stocks in drug manufacturing firms and metal industry companies, on the other hand, declined substantially. Surprisingly, enthusiasm for "Oil Services & Equipment" seems to have ebbed among fund managers responding to this year's poll. "Multi-industry" firms fared well in the survey, however, recouping from last year's decline to regain their strong position of two years ago.

One aspect of the industry rankings suggests greater diversification of such investment among funds. In over a third of the categories listed, while traditional industry favorites maintained their top rankings, they held those positions by slimmer margins this year.

A new criterion was established this year for selecting stocks to be included in the industry rankings. This criterion eliminated not only some stocks from published categories, but also a few industry categories themselves. In the past

BEST AVAILABLE COPY

even if only a few funds held a particular stock, that stock was listed in the industry rankings. Primarily for space considerations, this year's listing includes only the names of stocks held by 5% of the funds reporting. Consequently, numerous individual stocks and several categories which appeared last year — "Airlines," "Coal," "Glass," "Services," and "Tire & Rubber" — are not found in this year's industry rankings.

Included in the categories revealing significant changes were:

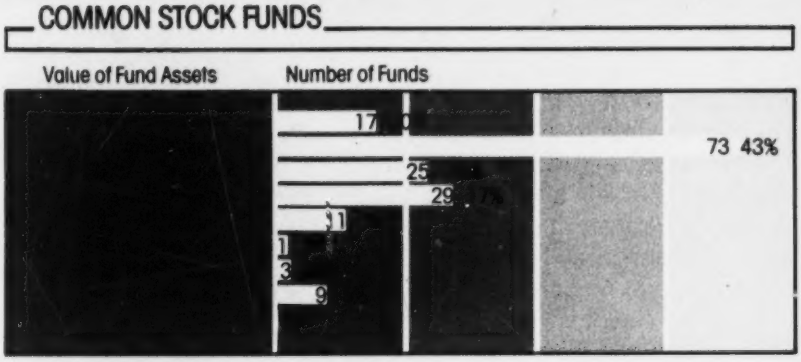
Banking & Finance — Citicorp retained its number-one ranking though its leading margin was smaller than in recent years. BankAmerica and J. P. Morgan maintained both their positions, though the percentage of surveyed funds holding their stock declined somewhat.

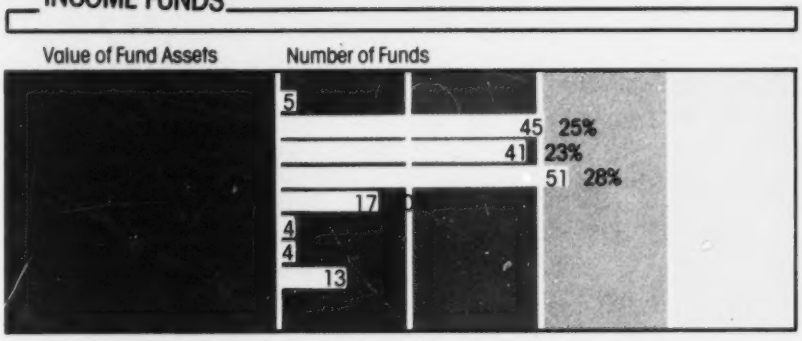
Chemicals — DuPont and Baxter Travenol managed to hold their own in a category which, overall, contained a smaller percentage of holding funds than last year's survey. Dow Chemical, the perennial favorite, was found in 53 fewer portfolios this year.

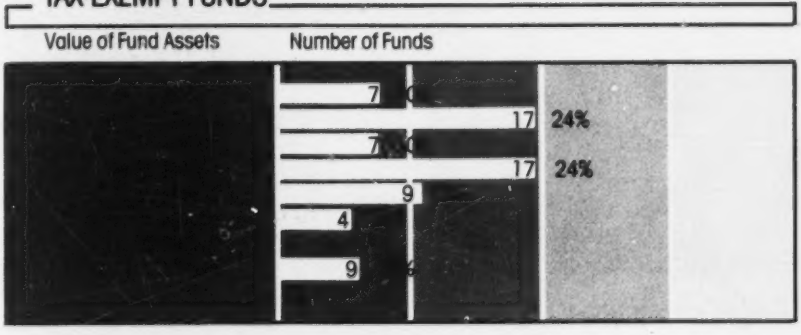
Drugs & Cosmetics — This category also revealed a drop in the total number of polled funds investing in drugs and cosmetics. Nevertheless, Warner Lambert, Johnson & Johnson, and Lilly & Co. gained ground. Gillette, while finishing last in the rankings, was found in twice as many portfolios this year as last.

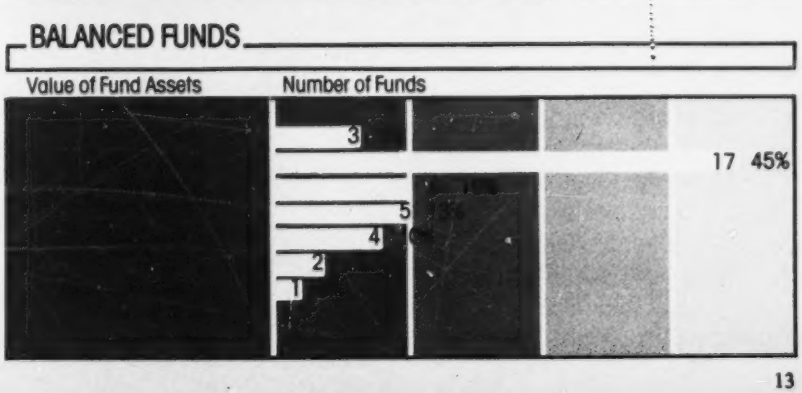
Electrical & Electronics — Raytheon registered a sixfold increase in the number of funds holding its stock, compared with 1979 survey results, lifting it to fourth place in the current rankings. A reduction in the number of polled funds holding Whirlpool, Texas Instruments, Hewlitt-Packard, Sperry Rand, Sunbeam, Maytag, and Reliance Electric removed these companies from the industry rankings in this year's survey.

Food & Beverage — Coca Cola edged out Beatrice Foods to take first place in the current survey. After two years in sixth place, McDonald's climbed to fourth po-









sition this year. In an industry where all stocks in the rankings registered gains, Heublein and CPC garnered the largest increases, picking up 19 and 18 funds respectively.

Forest Products — Georgia Pacific climbed from fourth to second place this year, substantially narrowing the lead of the repeating first-place finisher, Weyerhauser. Though a traditional favorite among fund managers responding to our annual poll, Weyerhauser was held by 37 fewer funds this year compared with 1979 data. International Paper, which held second place last year, also appeared in fewer portfolios this year and dropped to third position. Kimberly Clark returned to the rankings this year following a two year absence.

Insurance — Familiar names filled the top slots in this list again this year. Continental Insurance replaced Aetna as the current leader, while Aetna dropped to third place behind Marsh & McLennan. U.S. Fidelity & Guaranty slipped from third to fourth position.

Leisure — While retaining first place, American Express was held by 29 fewer reporting funds this year. CBS eclipsed Walt Disney Productions to capture second place in the rankings.

Machinery — This year marked the return of Deere & Co. to both the industry rankings, where it finished second, and the "Favorite Fifty." Black & Decker also joined the rankings in this category, which otherwise remained the same as last year. However, the number of funds holding Caterpillar Tractor, which again took first place, dropped by 43.

Metals — Over the past few years, the Annual Common Trust Fund Survey has noted a decline in interest among fund managers in metal industry stocks. This year was no exception. Currently, only one company — Aluminum Company of America — appeared in enough portfolios to merit recognition.

Multi-industry — This year's list mirrors the 1979 rankings. However, in the current sample, 3M was held by 20 more funds while IT&T gained 11.

Office Equipment — The only notable change in this category was Burrough's drop from second to third place in the past year.

Oil Service & Equipment — Again, the traditional industry leaders — Schlumberger and Halliburton — lost some of their usually substantial winning margins. Schlumberger was held by 31 fewer funds this year, Halliburton by 30 fewer. The number of funds holding fourth-ranked MAPCO, on the other hand, was more than double last year's total.

Petroleum — The top five stocks in this group varied little from those in 1979's list. Gulf Oil climbed from twelfth to eighth place; Conoco rose from ninth to sixth.

Retailers — After two years in second place, K-Mart beat traditional leader Sears to take top position in the current rankings. Central to that turnabout was the fact that Sears was held by 44 fewer funds this year. J. C. Penney remained third for the fourth consecutive year, despite a decline in the number of funds holdings its shares.

Transportation — The current survey data suggest a resurgence of interest in railroads among fund managers, with four rail stocks being held by more than 20 funds for the first time in years. Norfolk & Western Railway rejoined the listing while Southern Railway made an initial appearance. The only loss was suffered by last year's front-runner, Santa Fe Industries, which retired from the rankings this year.

Utilities-Electric — Interest in electric utilities remained stable, although some fluctuation occurred in the rankings. Southern California Edison dropped from second to fourth place, sharing that spot with climbing Florida Power & Light and newcomer Northern States Power. □

For industry rankings, common stock index, and graphic analysis of survey results, see pp. 20-29.

BEST AVAILABLE COPY

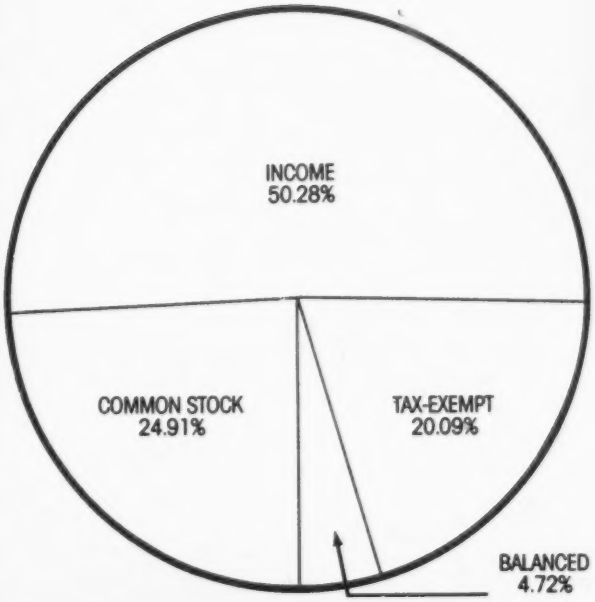
31st Common Trust Fund Survey

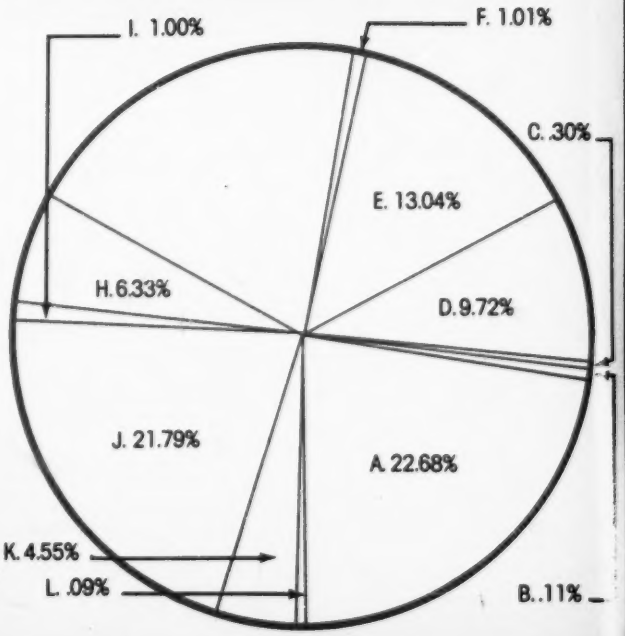
ANALYSIS OF COMMON TRUST FUNDS SURVEYED

The pie charts below illustrate the proportional size of each of the four major types of funds — common stock, balanced, tax-exempt, and income — included in our sample of 456 common trust funds, as well as the asset diversification of all the surveyed funds combined. The charts on the opposite page provide a more detailed breakdown of the assets held by each primary group of funds. Notably, this year's sample contained a significantly higher percentage of funds with holdings worth more than $100 million. This larger percentage of wealthy funds, as well as the undeniable effects of inflation, raised the value of the combined assets of all surveyed funds from $6.6 billion last year to $11.9 billion in 1980.

COMPOSITION OF FUND ASSETS

	(in millions)	%
	$ 2,693,330	22.68
	12,726	.11
	36,119	.30
	1,153,922	9.72
	1,547,867	13.04
	119,484	1.01
	2,301,418	19.38
	751,464	6.33
	119,240	1.00
	2,586,884	21.79
	539,775	4.55
	10,401	.09
	$11,872,589	100.00



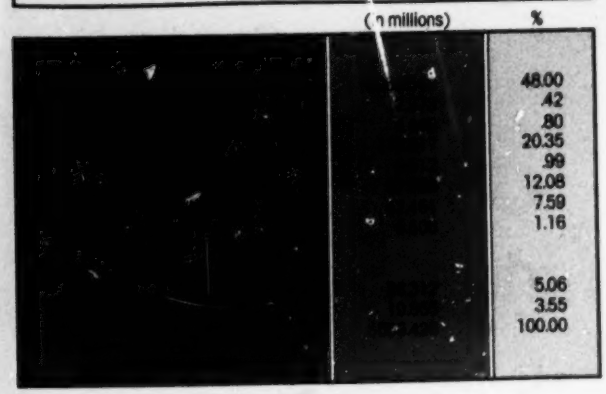


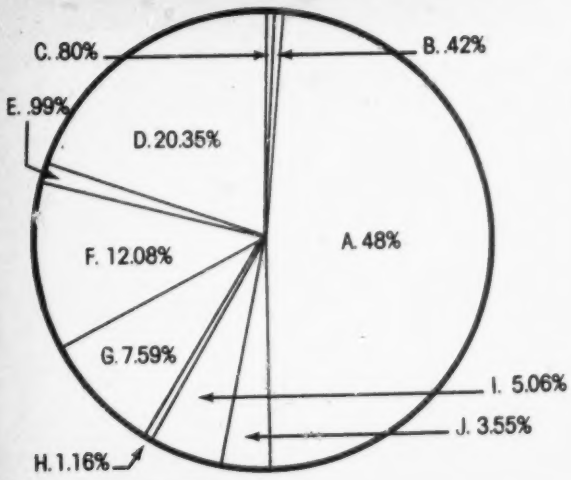
PROPORTION OF FUND GROUPS

	(in millions)	%
	$ 559,424	4.72
	2,385,471	20.09
	5,969,971	50.28
	2,957,719	24.91
	$11,872,589	100.00

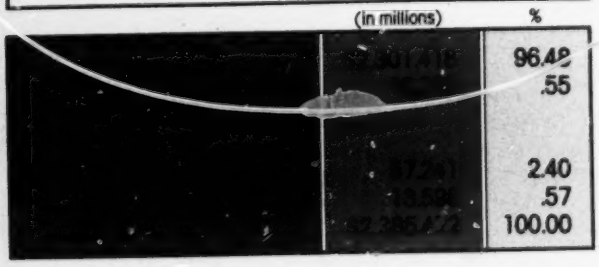
BEST AVAILABLE COPY

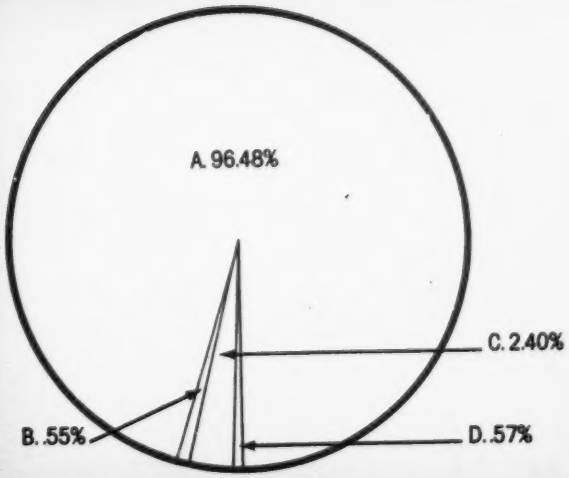
BALANCED FUNDS

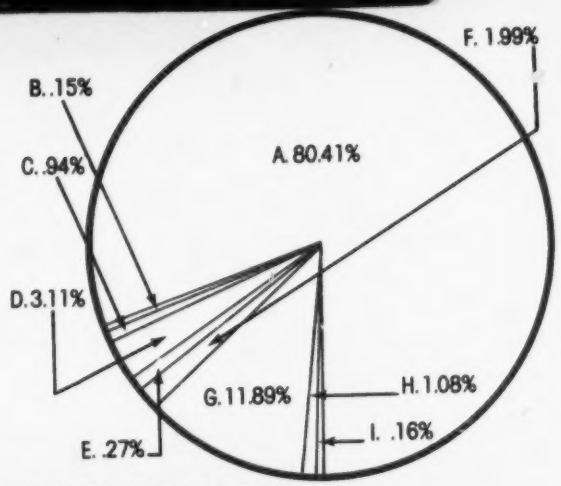




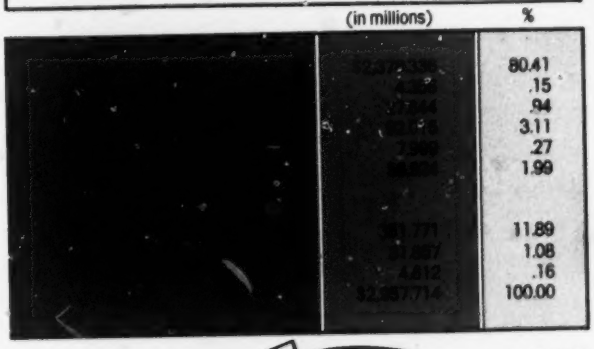
TAX-EXEMPT FUNDS

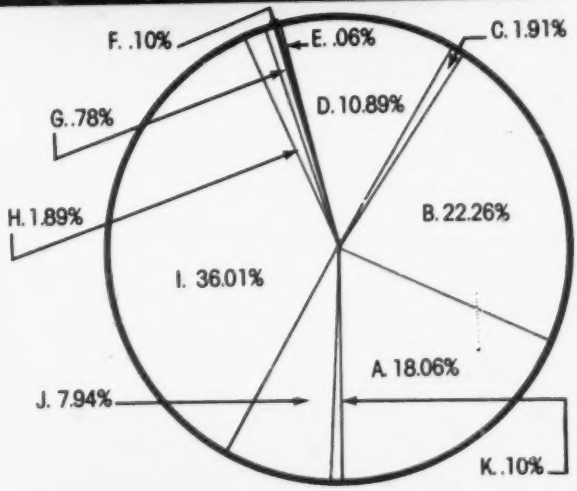




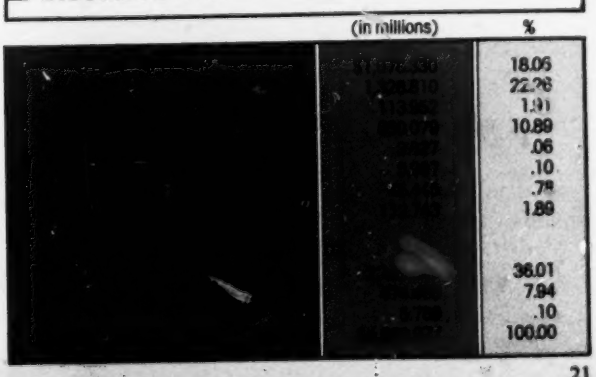


COMMON STOCK FUNDS





INCOME FUNDS



31st Common Trust Fund Survey

Common Stock Rankings by Industry

For this section of the 31st Annual Common Trust Fund Survey, a new criterion was used in evaluating stocks to be included in the industry rankings. Only stocks which were held by at least 5% of the surveyed funds holding common stock are listed here. This new criterion eliminated not only a number of companies which were included in last year's survey, but also several of the categories themselves. A list of all common stocks held by the responding funds begins on page 24.

INDUSTRY	NO. OF FUNDS
Aerospace	
United Technologies	27
TRW	26
Boeing	24
Auto	
General Motors	71
Ford Motor Co.	37
Banking & Finance	
Citicorp	63
BankAmerica	44
J. P. Morgan	33
Chemicals	
Dow Chemical	72
E. I. du Pont de Nemours	53
Union Carbide	37
Baxter Travenol	32
Schering Plough	26
American Cynamid	23
Monsanto	22
Stauffer Chemical	20
Containers	
Continental Group	24
Drugs & Cosmetics	
Merck	84
American Home Products	77
Procter & Gamble	60
Colgate Palmolive	54
Bristol Meyers	50
Warner Lambert	50
Johnson & Johnson	49
Pfizer	48
Avon Products	43
Abbott Laboratories	40
Eli Lilly & Co.	37
SmithKline	31
Revlon	30
American Hospital Supply	23
Gillette	21
Electrical & Electronics	
General Electric	154
Emerson Electric	64
RCA	33
Raytheon	31
Food & Beverage	
Coca Cola	66
Beatrice Foods	52
Pepsico	48
McDonald's	44
General Mills	39
Kraft	38
General Foods	35
Norton Simon	25
Heublein	23
CPC International	22
Borden	20
Forest Products	
Weyerhauser	39
Georgia Pacific	36
International Paper	32
Union Camp	25
Kimberly Clark	22
Insurance	
Continental Insurance Corp.	27
Marsh & McLennan	25
Aetna	23
U.S. Fidelity & Guaranty	21
Leisure	
American Express	44
CBS	24
Walt Disney Productions	20
Machinery	
Caterpillar Tractor	79
Deere & Co.	37
Ingersoll-Rand	28
United Technologies	27
Black & Decker Manufacturing	21

Metals	
Aluminum Co. of America	22
Multi-Industry	
Minnesota Mining & Manufacturing	99
International Tel. & Tel.	41
Office Equipment	
International Business Machines	219
Xerox	88
Burroughs	68
Digital Equipment	20
Oil Service & Equipment	
Schlumberger	62
Halliburton	43
Dresser Industries	32
MAPCO	22
Petroleum	
Exxon	170
Atlantic Richfield	105
Standard Oil of Indiana	95
Phillips Petroleum	75
Mobil Oil	72
Conoco	57
Texaco	54
Gulf Oil	34
Standard Oil of California	33
Tenneco	29
United Technologies	27
Union Oil of California	22
Photo Equipment	
Eastman Kodak	115
Retailers	
K-Mart	73
Sears, Roebuck, & Co.	62
J.C. Penney	44
Federated Department Stores	36
Tobacco	
Phillip Morris	76
R.J. Reynolds	66
Transportation	
Union Pacific	53
Southern Railway	24
Norfolk & Western Railway	20
Utilities-Electric	
Texas Utilities	40
Commonwealth Edison	31
Central & Southwest	30
Florida Power & Light	21
Northern States Power Co.	21
Southern California Edison	21
Utilities-Gas & Electric	
American Natural Resources	28
Utilities-Telephone	
American Tel. & Tel.	180
General Telephone & Electronics	51
United Telecommunications	24

31st Common Trust Fund Survey

All Common Stocks in Surveyed CTFs

Stock	Number of Funds
Abbot Labs	40
ABC	17
ACF Ind.	8
Acme Cleveland	1
Aetna	23
Affil. Bankshares of Colorado	1
Ahmanson, H. F.	4
Airborne Freight	1
Air Products & Chemicals	19
Akzona	1
Alabama Bancorporation	1
Alberto-Culver	1
Albertson's	6
Alcan Aluminum	11
Alexander & Alexander	4
Allegheny Power System	12
Allergan	2
Allied Chemical	12
Allied Stores	10
Allis Chalmers	9
Alpha Portland Ind.	2
Aluminum Co. of America	22
Amalgamated Sugar	1
Amax	9
Amdahl	1
Amerada Hess	11
American Air Filter	1
American Air Lines	3
American Appraisal Assoc.	2
American Brands	14
American Can	11
American Cynamid	23
American District Telegraph	4
American Electric Power	13
American Express	44
American Fletcher	1
American General Insurance	4
American Greetings	3
American Hoist & Derrick	3
American Home Products	77
American Hospital Supply	23
American International Group	6
American Medical International	3
American Motors	1
American Nat'l. Financial	1
American Natural Resources	28
American Petroflex	1
American Standard	7
American Sterilizer	2
American Stores	3
American Tel. & Tel.	180
Ametek	2
AMF	3
AMP	16
Ampex	1
AM International	3
Amstar	2
Amsted Ind.	6
Anchor Hocking	2
Anderson, Clayton	1
Anheuser Busch	17
ARA	15
Archer-Daniels-Midland	2
Arizona Bank	3
Arizona Public Service	7
Arkansas Louisana Gas	8
Armco	6
Armstrong Cork	11
Armstrong World Ind.	2
ASA	1
Asarco	1
Ashland Oil	3
Assoc. Dry Goods	10
Atlantic Bancorporation	1
Atlantic City Electric	3
Atlantic Richfield	105
Augat	1
Automatic Data Processing	9
Avco	1
Avery International	1
Avnet	5
Avon Products	43
Baker International	16
Baltimore Gas & Electric	12
Bancohio	2
Bandag	1
BankAmerica	44
Bankers Security Life Ins.	1
Bankers Trust N.Y.	5
Bank of Virginia	1
Bard, C. R.	3
Barnes Group	1
Bassett Furniture Ind.	1
Bausch & Lomb	1
Baxter Travenol	32
BBDO International	2
Bearings	2
Beatrice Foods	52
Beckman Instruments	4
Becton, Dickinson	9
Beech Aircraft	1
Beker Ind.	1
Belco Petroleum	2
Belden	1
Bell Tel. of Canada	1
Bemis	2
Bendix	18
Beneficial	13
Best Products	3
Bethlehem Steel	3
Betz Labs	9
Big Three Ind.	14
Black & Decker Mfg.	21
Blair, John	1
Block, H. & R.	3
Blue Bell	4
Boeing	24
Boise Cascade	4
Borden	20
Borg Warner	6
Brae	1
Braniff	2
Briggs & Stratton	8
Bristol Meyers	50
British Petroleum	1
Brockway Glass	1
Brooklyn Union Gas	1
Brown Co.	1
Brown Forman Distillers	2
Brown Group	1
Brown & Sharpe Mfg.	1
Browning Ferris Ind.	5
Brunswick	2
Bucyrus-Erie	11
Burlington Ind.	9
Burlington Northern	7
Burndy	5
Burroughs	68
Butler Mfg.	1
Cabot	1
Caldor	2
Campbell Red Lake Mines	3
Campbell Soup	7
Canadian Pacific	3
Capital Cities Communications	4
Capital Holding	17
Carnation	14
Carolina Power & Light	7
Carpenter Technology	4
Carrier	2
Carter, William	1
Carter, Hawley, Hale Stores	8
Castle & Cooke	1
Caterpillar Tractor	79
CBI	2
CBS	24
CBT	1
Celanese	3
Central & Southwest	30
Central Bancshares South	1
Central Illinois Light	3
Central Louisiana Energy	2
Central Maine Power	1
Central Tel. & Utilities	12

Centran....1
Cessna Aircraft....3
Champion International....14
Champion Spark Plug....6
Chase Manhattan....11
Chemed....1
Chemical New York....6
Chesebrough Pond's....17
Chessie System....3
Chicago Pneumatic Tool....2
Chrysler....1
Chubb....5
Church's Fried Chicken....3
Cincinnati Gas & Electric....6
Cincinnati Milacron....4
Circle K....1
CIT Financial....6
Citicorp....63
Cities Service....12
Citizens Fidelity....1
City Investing....1
Clark Equipment....18
Cleveland Cliff Iron....5
Cleveland Electric Illuminating....11
Clevetrust....2
Clorox....1
Cluett, Peabody....4
Coca Cola....66
Coleman....2
Colgate Palmolive....54
Collins & Aikman....3
Colonial Life & Accident....1
Colonial Penn....5
Colorado National Bancshares....3
Colt Ind.....5
Columbia Gas Systems....5
Columbia Pictures Ind.....2
Combined Communications....1
Combined Ins. Co. of America....13
Combustion Engineering....7
Comdisco....1
Commerce Clearing House....4
Commercial Shearing....1
Commonwealth Edison....31
Communications Ind....1
Communications Satellite....11
Community Public Service....1
Compugraphic....4
Computer Sciences....2
Con Agra....1
Cone Mills....1
Connecticut General Ins.....14
Conoco....57
Consolidated Edison of N.Y.....3
Consolidated Foods....9
Consolidated Freightways....10
Consolidated Natural Gas....5
Consolidated Papers....2
Consumers Power....5
Continental....27
Continental General Ins.....1
Continental Group....24
Continental Illinois....18
Continental Telephone....15
Control Data....5
Cooper Ind....12
Coors, Aldoph....2
Copeland....1
Copperweld....1
Corning Glass Works....13
Cox Broadcasting....1
CPC International....22
Crane....2
Crawford....1
Cray Research....1
Crocker National....3
Cross, A. T.....1
Cross & Trecker....1
Crouse-Hinds....4
Crown Cork & Seal....1
Crown Zellerback....8
Crum & Forster....2
Cummins Engine....5
Cunningham Drug Stores....1
Cutler Hammer....1
Cyclops....1
Cyprus Mines....1

Dana....6
Dart Ind.....6
Data General....1
Datapoint....4
Dayton Hudson....18
Deere....37
De Kalb AgResearch....2
Delmarva Power & Light....2
Del Monte....2
Delta Air Lines....14
Deluxe Check Printers....5
Dennison Mfg.....2
Denny's....4
Detroit Edison....2
Dexter....2
Dial....1
Diamond International....11
Diamond Shamrock....13
Diebold....1
Digital Equipment....20
Dillon....3
Disney, Walt Productions....20
Dome Mines....1
Dominion Bancshares....2
Donnelly, R. R. & Sons....5
Dover....5
Dow Chemical....72
Dow Jones....3
Dravco....1
Dresser Ind.....32
Dr. Pepper....2
Duke Power....15
Dun & Bradstreet....19
Du Pont, E. I. de Nemours....53
Duquesne Light....2

Eagle-Picher Ind.....3
Earth Resources....1
Eastman Gas & Fuel....6
Eastman Kodak....115
Eaton....14
Echlin Mfg.....11
Eckerd, Jack....10
Economics Laboratory....6
Edison Bros. Stores....3
EG&G....2
Electronic Data Systems....2
Electronics Corp. of America....1
El Paso....6
Emerson Electric....64
Emery Air Freight....12
Emhart....11
Energy Reserves Group....1
Englehard Minerals & Chemicals....7
ENSERCH....10
Entex....1
Envirotech....3
Equifax....3
Equitable....4
ERC Group....5
Esmark....4
Ethan Allen....1
Ethyl....3
Evans Products....4
Ex-Cell-O....4
Exxon....170

Faberge....1
Fairchild Camera & Inst.....3
Farmers Group....2
Federal Express....3
Federal Mogul....4
Federal National Mortgage....7
Federated Dept. Stores....36
Federated Paper Board....2
Fidelity Union Life....1
Firestone Tire & Rubber....12
First Atlanta....1
First Bank System....9
First Charter Financial....2
First Chicago....7
First City Bancorporation of Texas....6
First Hawaiian....2
First International Bankshares....18
First Maryland....2
First & Merchants....1
First Mississippi....1
First National....3
First National Boston....7
First Pennsylvania....1
First Security....3
First Tennessee National....1
Fischbach & Moore....3
Fleetwood Enterprises....1
Fleming....2
Flexi-Van....2
Flintkote....2
Florida National Banks of Florida....1
Florida Power & Light....21
Fluke, John Mfg.....1
Fluor....11
FMC....9
Food Fair....1
Ford Motor....37
Foremost McKesson....7
Forest Oil....1
Ft. Howard Paper....3
Foster Wheeler....3
Four Phase Systems....1
Foxboro....4
Fox-Stanley Photo....1
Franklin Life Ins.....1
Franklin Mint....1
Freeport Minerals....5
Fuller, H. B.....1

Gannett....14
Gardner-Denver....1
Garfinkle, Brooks Bros, Miller, & Rhodes....1
GATX....6
GCA....1
Geico....2
Gen. American Oil of Texas....1
Gen. Automotive Parts....1
Gen. Cinema....2
Gen. Dynamics....2
Gen. Electric....154
Gen. Foods....35
Gen. Mills....39
Gen. Motors....71
Gen. Portland....2
Gen. Public Utilities....5
Gen. Reinsurance....6
Gen. Signal....15
Gen. Tel. & Electronics....51
Genesco....1
Genuine Parts....19
Georgia Pacific....36
Geosource....1
Gerber Products....5
Getty Oil....11
Giddings & Lewis....3
Gillette....21
Gino's....1
Girard....2
G. K. Technologies....6
Glatfelter....1
Global Marine....1
Goodrich, B.F.....1
Goodyear Tire & Rubber....18

Stock	Number of Funds
Gordon Jewelry	1
Gorman & Rupp	1
Gould	6
Gould's Pumps	1
Grace, W. R.	3
Graco	1
Grainger, W. W.	15
Great Atlantic & Pacific Tea	1
Great Lakes Chemical	1
Great Northern Nekoosa	4
Great Western Financial	10
Greyhound	1
Gromman	1
Gulf Oil	34
Gulf States Utilities	3
Gulf United	6
Gulf & Western Ind.	1
Hall, Frank B.	2
Halliburton	43
Hamilton Bros. Petroleum	1
Hammermill Paper	3
Handleman	1
Hanes	1
Hanna Mining	6
Harcourt, Brace, Jovanovich	3
Harland, John H.	1
Harrah's	1
Harris	13
Hart, Schaffner, & Marx	1
Harte-Hanks Communications	2
Hawaii Bancorporation	3
Hawaiian Electric	1
Hazleton Laboratories	2
Heck's	1
Heinz, H. J.	14
Heller, Walter E. International	7
Helmerich & Payne	1
Hercules	14
Hershey Foods	1
Hershey Oil	1
Heublein	23
Hewlett-Packard	17
Hexcel	1
Hibernia	1
Hilton Hotels	6
Hobart	4
Holiday Inns	4
Holly Sugar	1
Home Beneficial	1
Homestake Mining	4
Honeywell	13
Hook Drugs	1
Hoover Universal	2
Hospital Corp. of America	14
Houghton Miflin	1
Household Finance	12
Houston Ind.	18
Houston Lighting & Power	1
Houston Natural Gas	14
Houston Oil & Minerals	2
Howard Johnson	1
Hubbell, Harvey	2
Hudson Bay Mining & Smelting	1
Hughes Tool	19
Humana	4
Hunt, Phillip Chemical	2
Hunt International Resources	1
Huyck	2
Hyster	1
I.C. Ind.	3
Idaho Power	8
Ideal Basic Ind.	1
Ideal Toy	1
Illinois Power	11
Illinois Tool Works	2
Imperial Oil	4
Imperial Corp. of America	2
I.N.A.	17
Inco	6
Independent Life & Accident Ins.	1
Indiana Financial Investors	1
Indiana Mortgage & Realty Investors	1
Indianapolis Power & Light	3
Indianapolis Water	1
Industrial National	1
Ingersoll Rand	28
Inland Steel	14
Inspiration Consolidated Copper	1
Instrumentation Laboratory	1
Intel	5
Interco	5
Interlake	4
International Business Machines	219
International Flavor & Fragrence	13
International Harvestor	6
International Minerals & Chemical	7
International Multifoods	1
International Paper	32
International Tel. & Tel.	41
Interpublic Group	2
Iowa Beef Processors	1
Iowa Electric Light & Power	1
Iowa & Illinois Gas & Electric	2
Iowa Southern Utilities	1
Irving Bank	1
James, Fred S.	1
Jefferson Pilot	16
Jewel	3
Johns-Manville	11
Johnson, Howard	2
Johnson Controls	2
Johnson & Johnson	49
Josten's	7
Joy Mfg.	13
Kaiser Aluminum & Chemical	3
Kaiser Steel	2
Kaiser Resources	1
Kaneb Service	3
Kansas City Southern Ind.	1
Kansas Gas & Electric	1
Kansas Power & Light	5
Kaufman & Broad	1
Kellogg	14
Kennametal	1
Kennecott Copper	2
Kentucky Utilities	1
Kerr Glass Mfg.	1
Kerr McGee	18
Kidde, Walter	2
Kimberly Clark	22
Kings Department Stores	2
K-Mart	73
Knight-Ridder Newspapers	8
Koehring	1
Kollmorgen	2
Koppers	8
Kraft	38
Kroehler Mfg.	1
Kroger	6
Lance	2
Lane	1
Lawter Chemicals	1
Lear Siegler	1
Leaseway Transportation	2
Lee Enterprises	1
Leggett-Pratt	1
Lenox	5
Levi Strauss	3
Libbey-Owens-Ford	1
Liberty National Life Ins.	9
Liggett Group	3
Lilly, Eli	37
Lincoln National	15
Litton Ind.	3
Loctite	3
Loews	1
Logan, Johnathan	1
Lone Star Ind.	5
Long Island Lighting	1
Longs Drug Stores	2
Loral	3
Louisiana Land & Exploration	9
Louisiana-Pacific	3
Louisville Gas & Electric	2
Lowenstein, M.	1
Lowe's	11
Lubrizol	9
Lucky Stores	12
Macke	1
MacMillan	1
MA/COM	3
Macy, R. H.	5
Madison Gas & Electric	2
Mallinckrodt	9
Manhattan Ind.	1
Manufacturers Hanover	18
MAPCO	22
Marathon Oil	18
Marion	1
Marley	4
Marriott	1
Marsh & McLennan	25
Marshall Field	3
Martin Marietta	13
Maryland Cup	3
Maryland National	1
Masco	14
Masonite	7
Massey-Ferguson	1
MassMutual Mortgage & Realty Investors	1
May Department Stores	14
Mayer, Oscar	2
Maytag	16
MCA	5
McCormick	3
McDermott, J. Ray	13
McDonald's	44
McDonnell Douglas	2
McGraw Edison	9
McGraw-Hill	12
McLean Trucking	3
Mead	8
Measurex	2
Medalist Ind.	1
Medtronic	4
Mellon National	5
Melville	11
Mercantile Stores	1
Merck	84
Meredith	1
Merrill Lynch	1
Mesa Petroleum	10
Mesa Royalty Trust	1
Mesabi Trust	1
Metro-Goldwyn-Mayer	4
Metromedia	4
Meyer, Fred	3
MGIC Investment	4
Middle South Utilities	18
Midland Ross	2
Miller-Wohl	3
Millipore	6
Milton Bradley	2
Mine Safety Appliances	1
Minnesota Mining & Mfg.	99
Minnesota Power & Light	2
Mission Ins.	1
Missouri Pacific	10
Mobil Oil	72
Modern Merchandising	3
Mohasco	2

Monarch Capital....3
Monarch Machine Tool....1
Monsanto....22
Montana Power....3
Moore....6
Morgan, J. P.....33
Morrison Knudsen....2
Morse Shoes....1
Morton-Norwich Products....4
Motorola....15
Mountain Fuel Supply....7
Mountain States Tel. & Tel....1
Multimedia....1
Munsingwear....1
Murphy, G. C.....1
Murphy Oil....1

Nabisco....11
Nalco Chemical....6
Nashua....1
National Can....1
National City....3
National Data....2
National Distillers & Chemical....8
National Fuel & Gas....1
National Gypsum....3
National Medical Care....2
National Medical Enterprises....2
National Semiconductor....3
National Service Ind.....1
National Standard....1
National Steel....7
Natomas....3
NCH....2
NCNB....4
NCR....18
Nevada Power....1
New England Electric System....5
New England Gas & Electric....1
New England Nuclear....6
Newmont Mining....3
New York State Electric & Gas....2
New York Times....1
Niagra Mohawk Power....1
Nicolet Instrument....1
Nielsen, A. C.....5
NL Ind.....12
NLT....16
Noble Affiliates....5
Nordstrom....2
Norfolk & Western Railway....20
Norlin....1
Norris Ind.....1
North American Coal....1
North Indiana Public Service....11
Northern Natural Gas....10
Northern States Power....21
Northern Telecom....10
Northern Trust....1
Northrop....2
Northwest Airlines....7
Northwest Bancorporation....8
Northwest Energy....3
Northwest Ind.....11
Northwestern National Life....3
Norton....6
Norton Simon....25
Noxell....2
Numac Oil & Gas....1

Oak Ind.....1
Occidental Petroleum....7
Ocean Drilling & Exploration....1
Ogden....1
Ogilvey & Mather International....2
Ohio Casualty....3
Ohio Edison....4
Oklahoma Natural Gas....1
Outboard Marine....2
Overhead Door....1
Overnite Transportation....2
Overseas Shipholding Group....1
Owens Corning Fiberglass....10
Owens Illinois....16

Pabst Brewing....2
Pacific Gas & Electric....11
Pacific Lighting....2
Pacific Lumber....2
Pacific Power & Light....3
Pall....2
Palm Beach....1
Pan American World Airways....1
Pangas....1
Panhandle Eastern Pipeline....15
Parker Drilling....2
Parker-Hamilton....3
Parker Pen....3
Parsons....1
Patrick Petroleum....1
Payless Cashways....6
Payless Drug Stores Northwest....1
Pay N Pak Stores....1
Pay N Save....2
Peabody International....8
Penney, J. C.....44
Pennsylvania Power & Light....11
Pennwalt....4
Pennzoil....7
People's Gas....8
PepsiCo....60
Perkin Elmer....9
Peterson, Howell, & Heather....3
Petrie Stores....6

Stock	Number of Funds
Petrolane	1
Petrolite	1
Pfizer	48
Phelps Dodge	9
PHH Group	3
Philadelphia Electric	2
Philadelphia National	2
Phillip Morris	76
Phillips Petroleum	75
Pillsbury	15
Pioneer	7
Pitney-Bowes	6
Pittsburg National	7
Pittston	14
Pittway	1
Polaroid	5
Ponderosa System	1
Pope & Talbot	1
Potlatch	5
Potomac Electric & Power	5
PPG Ind.	13
Premier Ind.	1
Prentice-Hall	7
Proctor & Gamble	60
Provident Life & Accident	2
Public Service Co. of Colorado	17
Public Service Co. of Indiana	16
Public Service Co. of New Mexico	6
Public Service Electric & Gas	9
Puget Sound Power & Light	1
Pullman	5
Purex Ind.	3
Purolater	1
Quaker Oats	14
Quaker State Oil Refining	1
Questor	1
Ralston Purina	19
Ramada Inns	2
Ranger Oil of Canada	1
Raychem	1
Raytheon	31
RCA	33
Reading & Bates	3
Reeves Bros.	1
Reliance Electric	7
Republic Steel	7
Republic of Texas	6
Revco Drug Stores	15
Revere Copper & Brass	1
Revlon	30
Rexnord	4
Reynolds, R. J. Ind.	66
Reynolds Metals	4
Reynolds & Reynolds	2
Richardson-Merrell	5
Richmond, Fredericksburg, & Potomac Railway	1
Riggs National Bank	1
Rio Grande Ind.	1
Rite-Aid	3
Roadway Express	13
Robertshaw Controls	1
Rochester Gas & Electric	1
Rochester Telephone	1
Rockower Bros.	2
Rockwell International	6
Rohm	1
Rohm & Haas	3
Rollins	5
Rolm	2
Roper	1
Rorer Group	1
Rowan	2
Royal Crown	2
Royal Dutch Petroleum	7
Rubbermaid	4
Ryan Homes	4
Ryder Systems	5
Sabine	2
Safeco	3
Safeway Stores	12
St. Joe Minerals	7
St. Louis-San Francisco Railway	1
St. Paul	9
St. Regis Paper	6
Santa Fe Ind.	19
Santa Fe International	2
Savannah Electric & Power	1
Schering Plough	26
Schlumberger	62
Scientific-Atlanta	3
Scott & Fetzer	5
Scott, Foresman	2
Scott Paper	9
Scovill Mfg.	6
Sea Containers	3
Seaboard Coast Line Ind.	3
Seafirst	5
Seagram	3
Sealed Power	2
Searle, G. D.	4
Sears, Roebuck	62
Second National Bank of Warren	1
Security Pacific	19
Sedco	7
ServiceMaster Ind.	1
Service Merchandise	3
Shared Medical Systems	1
Shaw Ind.	1
Shell Oil	10
Sherwin Williams	1
Show Boat	1
Signal Companies	5
Signode	3
Simmons	1
Simplicity Pattern	1
Singer	3
Skaggs	1
Skyline	2
Smith International	9
SmithKline	31
Smith's Transfer	1
Snap-On Tools	9
Sonoco Products	2
Sony	1
South Carolina Electric & Gas	6
South Carolina National	1
South Jersey Ind.	1
Southeast Banking	1
Southern California Edison	21
Southern Company	13
Southern Indiana Gas & Electric	3
Southern Natural Resources	18
Southern Pacific	10
Southern Railway	24
Southern Union	2
Southland Corp.	10
Southland Royalty	1
Southwest Gas	1
Southwestern Life	3
Southwestern Public Service	4
Sperry Rand	13
Springs Mills	1
Square D	13
Squibb	19
Staley, A. E. Mfg.	1
Standard Brands	18
Standard Oil of California	33
Standard Oil of Indiana	95
Standard Oil of Ohio	8
Standard Register	1
Stanley Works	5
Stauffer Chemical	20

Stepan Chemical....2
Sterling Drug....17
Stevens, J. P.....4
Stewart & Stevenson Services....1
Stewart Warner....1
Stokely-Van Camp....1
Storage Technology....2
Stover, Russell Candies....1
Stride Rite....4
Studebaker-Worthington....2
Suburban Propane Gas....2
Sun Banks of Florida....1
Sun Co.....13
Sun Electric....4
Sunbeam....6
Sundstrand....6
Super Valu Stores....6
Superior Oil....4
Sybron....1
Syntex....8

Taft Broadcasting....1
Tampa Electric....5
Tampax....6
Tandy....3
Tecumseh Products....1
Tektronix....15
Teledyne....1
Tenneco....29
Teradyne....1
Texaco....54
Texas Commerce Bancshares....9
Texas Eastern Gulf....16
Texas Gas Transmission....8
Texasgulf....3
Texas Ind.....1
Texas Instruments....15
Texas Oil & Gas....11
Texas Utilities....40
Textron....9
Thiokol....1
Thompson, J. Walter....1
Thomas & Betts....6
Tidewater....2
Tiger International....4
Time....16
Times Mirror....6
Timken....5
Tokheim....1
Toledo Edison....1
Tonka....1
Toro....2
Trane....5
Transamerica....10
Transco....3
Trans Union....2
Transway International....5
Travelers....15
Triangle Pacific....1
TRW....26
Tucson Electric Power....11
Twentieth Century Fox Film....1
Tyco Labs....1
Tyler....4
Tymshare....2

UAL....8
UGI....1
UMC Ind....2
UNC Resources....1
Unilever....3
Union Camp....25
Union Carbide....37
Union Oil of California....22
Union Pacific....53
Uniroyal....1
United Banks of Colorado....3
United Energy Resources....1
United States Bancorporation....1
United States Fidelity & Guaranty....21
United States Gypsum....6
United States Home....1
United States Life....1
United States Shoe....1
United States Steel....11
United States Tobacco....7
United States Truck Lines....2
United Technologies....27
United Telecommunications....24
United Virginia Bankshares....1
Universal Foods....2
Universal Leaf Tobacco....1
Upjohn....15
USLIFE....1
Utah Power & Light....4

Valley National Bank....3
Varian Associates....1
V.F.....5
Virginia Electric & Power....16
Virginia National Bankshares....4
Viscom International....1

Wachovia....7
Walgreen....1
Walker, H., Gooderham, & Worts....1
Wallace-Murray....1
Wal-Mart Stores....4
Walter, Jim....4
Wang Laboratories....3
Warnaco....1
Warner Communications....11
Warner Lambert....50
Warner & Swassey....2
Washington National....1
Waste Management....8
Waters Associates....3
Watkins-Johnson....1
Wells Fargo....11
West Point Pepperell....6
Western Air Lines....2
Western Bancorporation....10
Western Co. of North America....1
Westinghouse Electric....16
Westmoreland Coal....3
Westvaco....2
Weyerhauser....39
Wheelabrator-Frye....7
Wheeling-Pittsburgh Steel....1
Whirlpool....16
White Consolidated Ind.....1
White Motor....1
Wickes....2
Willamette Ind....4
Williams....9
Wilshire Oil of Texas....1
Winn Dixie Stores....11
Wisconsin Electric Power....13
Wisconsin Gas....2
Wisconsin Power & Light....2
Wisconsin Public Service....2
Wiser Oil....1
Witco Chemical....3
Wolverine World-Wide....1
Woolworth, F. W.....2
Wrigley, William Jr.....3
WUI....1
Wyman-Gordon....1
Wyoming Bancorporation....1

Xerox....88

Yellow Freight System....9

Zayre....1
Zenith Radio....2
Zions Utah Bancorporation....1

□

NOTE

ONLY THE FOLLOWING PAGES OF THIS PUBLICATION

HAVE BEEN FILMED

Cover 1, p. 2,

46-50.